

111TH CONGRESS
1ST SESSION

S. 157

To amend the Internal Revenue Code of 1986 to expand the temporary waiver of required minimum distribution rules for certain retirement plans and accounts.

IN THE SENATE OF THE UNITED STATES

JANUARY 6, 2009

Ms. SNOWE (for herself and Mrs. LINCOLN) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to expand the temporary waiver of required minimum distribution rules for certain retirement plans and accounts.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Retirement Account
5 Distribution Improvement Act of 2009”.

1 **SEC. 2. EXPANSION OF WAIVER OF REQUIRED MINIMUM**
 2 **DISTRIBUTION RULES FROM CERTAIN RE-**
 3 **TIREMENT PLANS AND ACCOUNTS.**

4 (a) IN GENERAL.—Subparagraph (H) of section
 5 401(a)(9) of the Internal Revenue Code of 1986, as added
 6 by the Worker, Retiree, and Employer Recovery Act of
 7 2008, is amended—

8 (1) by striking “for calendar year 2009” in
 9 clause (i) and inserting “for calendar years 2008,
 10 2009 or 2010”,

11 (2) by striking “2009” in clause (ii)(I) and in-
 12 serting “2010”, and

13 (3) by striking “to calendar year 2009” in
 14 clause (ii)(II) and inserting “to calendar years 2008,
 15 2009, or 2010”.

16 (b) ELIGIBLE ROLLOVER DISTRIBUTIONS.—The last
 17 sentence of section 402(c)(4) of the Internal Revenue
 18 Code of 1986, as added by the Worker, Retiree, and Em-
 19 ployer Recovery Act of 2008, is amended by striking
 20 “2009” and inserting “2008, 2009, or 2010”.

21 (c) EFFECTIVE DATES.—

22 (1) IN GENERAL.—The amendments made by
 23 this section shall apply to taxable years beginning
 24 after December 31, 2007.

25 (2) RECONTRIBUTIONS OF DISTRIBUTIONS IN
 26 2008 OR EARLY 2009.—

(A) IN GENERAL.—If a person receives 1 or more eligible distributions, the person may, on or before July 1, 2009, make one or more contributions (in an aggregate amount not exceeding all eligible distributions) to an eligible retirement plan and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16) of the Internal Revenue Code of 1986, as the case may be. For purposes of the preceding sentence, rules similar to the rules of clauses (ii) and (iii) of section 402(c)(11)(A) of such Code shall apply in the case of a beneficiary who is not the surviving spouse of the employee or of the owner of the individual retirement plan.

(B) ELIGIBLE DISTRIBUTION.—For purposes of this paragraph—

(i) IN GENERAL.—Except as provided in clause (ii), the term “eligible distribution” means an applicable distribution to a person from an individual account or annuity—

(I) under a plan which is described in clause (iv), and

1 (II) from which a distribution
 2 would, but for the application of sec-
 3 tion 401(a)(9)(H) of such Code, have
 4 been required to have been made to
 5 the individual for 2008 or 2009,
 6 whichever is applicable, in order to
 7 satisfy the requirements of sections
 8 401(a)(9), 404(a)(2), 403(b)(10),
 9 408(a)(6), 408(b)(3), and 457(d)(2)
 10 of such Code.

11 (ii) ELIGIBLE DISTRIBUTIONS LIM-
 12 ITED TO REQUIRED DISTRIBUTIONS.—The
 13 aggregate amount of applicable distribu-
 14 tions which may be treated as eligible dis-
 15 tributions for purposes of this paragraph
 16 shall not exceed—

17 (I) for purposes of applying sub-
 18 paragraph (A) to distributions made
 19 in 2008, the amount which would, but
 20 for the application of section
 21 401(a)(9)(H) of such Code, have been
 22 required to have been made to the in-
 23 dividual in order to satisfy the re-
 24 quirements of sections 401(a)(9),
 25 404(a)(2), 403(b)(10), 408(a)(6),

1 408(b)(3), and 457(d)(2) of such
2 Code for 2008, and

3 (II) for purposes of applying sub-
4 paragraph (A) to distributions made
5 in 2009, the sum of the amount which
6 would, but for the application of such
7 section 401(a)(9)(H), have been re-
8 quired to have been made to the indi-
9 vidual in order to satisfy such require-
10 ments for 2009, plus the excess (if
11 any) of the amount described in sub-
12 clause (I) which may be distributed in
13 2009 to meet such requirements for
14 2008 over the portion of such amount
15 taken into account under subclause
16 (I) for distributions made in 2008.

17 (iii) APPLICABLE DISTRIBUTION.—

18 (I) IN GENERAL.—The term “ap-
19 plicable distribution” means a pay-
20 ment or distribution which is made
21 during the period beginning on Janu-
22 ary 1, 2008, and ending on June 30,
23 2009.

24 (II) EXCEPTION FOR MINIMUM
25 REQUIRED DISTRIBUTIONS FOR

OTHER YEARS.—Such term shall not include a payment or distribution which is required to be made in order to satisfy the requirements of section 401(a)(9), 404(a)(2), 403(b)(10), 408(a)(6), 408(b)(3), or 457(d)(2) of such Code for a calendar year other than 2008 or 2009.

(III) EXCEPTION FOR PAYMENTS IN A SERIES.—In the case of any plan described in clause (iv)(I), such term shall not include any payment or distribution made in 2009 which is a payment or distribution described in section 402(c)(4)(A).

(iv) PLANS DESCRIBED.—A plan is described in this clause if the plan is—

(I) a defined contribution plan (within the meaning of section 414(i) of such Code) which is described in section 401, 403(a), or 403(b) of such Code or which is an eligible deferred compensation plan described in section 457(b) of such Code maintained

1 by an eligible employer described in
 2 section 457(e)(1)(A)) of such Code, or
 3 (II) an individual retirement plan
 4 (as defined in section 7701(a)(37) of
 5 such Code).

6 (C) TREATMENT OF REPAYMENTS OF DIS-
 7 TRIBUTIONS FROM ELIGIBLE RETIREMENT
 8 PLANS OTHER THAN IRAS.—For purposes of
 9 the Internal Revenue Code of 1986, if a con-
 10 tribution is made pursuant to subparagraph (A)
 11 with respect to a payment or distribution from
 12 a plan other than an individual retirement plan,
 13 then the taxpayer shall, to the extent of the
 14 amount of the contribution, be treated as hav-
 15 ing received the payment or distribution in an
 16 eligible rollover distribution (as defined in sec-
 17 tion 402(c)(4) of such Code) and as having
 18 transferred the amount to the plan in a direct
 19 trustee to trustee transfer.

20 (D) TREATMENT OF REPAYMENTS FOR
 21 DISTRIBUTIONS FROM IRAS.—For purposes of
 22 the Internal Revenue Code of 1986, if a con-
 23 tribution is made pursuant to subparagraph (A)
 24 with respect to a payment or distribution from
 25 an individual retirement plan (as defined by

section 7701(a)(37) of such Code), then, to the extent of the amount of the contribution, such payments or distributions shall be treated as a distribution that satisfies subparagraphs (A) and (B) of section 408(d)(3) of such Code and as having been transferred to the individual retirement plan in a direct trustee to trustee transfer.

(3) PROVISIONS RELATING TO PLAN OR CONTRACT AMENDMENTS.—

(A) IN GENERAL.—If this paragraph applies to any pension plan or contract amendment, such pension plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subparagraph (B)(ii)(I).

(B) AMENDMENTS TO WHICH PARAGRAPH APPLIES.—

(i) IN GENERAL.—This paragraph shall apply to any amendment to any pension plan or annuity contract which—

(I) is made by pursuant to the amendments made by this section, and

1 (II) is made on or before the last
2 day of the first plan year beginning
3 on or after January 1, 2011.

4 In the case of a governmental plan, sub-
5 clause (II) shall be applied by substituting
6 “2012” for “2011”.

7 (ii) CONDITIONS.—This paragraph
8 shall not apply to any amendment unless
9 during the period beginning on January 1,
10 2009, and ending on December 31, 2010
11 (or, if earlier, the date the plan or contract
12 amendment is adopted), the plan or con-
13 tract is operated as if such plan or con-
14 tract amendment were in effect.

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